



**SPECIAL
YEAR-END ISSUE!**

CLIMATE WATCH

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Executive Director's Column

CLIMATE NEGOTIATIONS MOVE AHEAD RAPIDLY

By John Shlaes

International negotiations that could determine how, when and where industry will conduct operations after the turn of the century are moving ahead at breakneck speed and will be concluded in less than two years. Last April, at the first meeting of the Conference of the Parties to the Climate Change Convention (COP-1) in Berlin, Germany, parties agreed to begin negotiations to "elaborate policies and measures as well as set quantified limitation and reduction objectives within specified time-frames."

This is diplomatic speak for specific greenhouse gas reduction targets being met by a certain time. The "targets and timetables" approach has long been opposed by the GCC. "Policies and measures" could be such instruments as CAFE (Corporate Average Fuel Economy) standards, full cost pricing, international efficiency standards, or fiscal measures, such as a tax. These measures could be voluntary, but could also be mandatory — across international borders.

The "Berlin Mandate" also stated that negotiations on these new commitments, which cover the post-2000 period, should be completed by 1997. Any new commitments, which will be included in a legally binding document, will apply to Annex One countries only (primarily the developed countries), even though these commitments are being decided by the over 100 countries that are parties to the convention (primarily developing countries which have minimal or no obligations under the convention).

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WHAT THE MEDIA HASN'T TOLD YOU ABOUT THE IPCC REPORT

■ The correct response to the climate change challenge is to road test the policy. Start with identifying and evaluating the best voluntary programs and duplicate these success stories. Then crunch the numbers on what impact more stringent proposals will have on the United States.

■ Little work has been done that will actually help guide political leaders on economically rational policy options. Until the most cost effective options to

reduce greenhouse gases are identified, policy makers are operating in the dark. (See accompanying story on the ACCF Conference.)

■ Highly accurate satellite measurements show no warming in the 16 years they have been in operation.

■ The climate models are getting better at mimicking historical large scale climate change, but even the General Accounting Office (an

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WARMING FORECASTS CUT IN HALF

The Intergovernmental Panel on Climate Change (IPCC) will soon release its latest report on the state of the science surrounding climate change. Early drafts of the report support the views of critics who claimed the group's previous projections were too high.

In announcing the report in late October, Robert Watson from the White House Office of Science and Technology Policy admitted that the new numbers are "on average about 20 percent lower" than IPCC's earlier estimates. In a story on the revised IPCC projections, and on a recent Environmental Protection Agency (EPA) sea-level rise study, *The Washington Post* reported that the latest figures are "half the warming that was projected by some analysis done during the mid-1980s."

Many of the news accounts covering a leak of the IPCC report on the Internet misrepresented the current state of the scientific debate and misinformed the public about the potential and extent of harmful impacts from increasing temperatures.

The report is a summary document that should represent the almost 1,800 underlying pages of technical material. The underlying documents contain numerous caveats and qualifiers regarding the projections made by researchers that are not included in the draft summary, making them appear to be more likely than most scientists actually believe. Focusing on worst case computer scenarios, while ignoring the best case predictions, gives the public an inaccurate perception of the scientific "consensus." (See story, "What Scientific Consensus?") This can only serve to alarm the public and undermine effective public debate.

There has been very little change in what atmospheric scientists know about the climate. It has long been suspected that land use changes and increasing greenhouse gases would have some impact on climate. What scientists still don't know is what role man's activities will play compared to the much more powerful natural variations in climate change. ●

WHAT SCIENTIFIC CONSENSUS? (SEE PAGE 3)

INTERNATIONAL NEWS UPDATE

MEXICAN PLANT SENDS POLLUTION ACROSS BORDER

An editorial in *The Washington Post* noted recently that a new power plant at Piedras Negras in Mexico is sending clouds of smoke across the Texas border into Big Bend National Park. Developing countries like Mexico, said the editorial, will continue to rely on coal to generate power for rapidly industrializing economies with results that render pollution abatement an international affair.

With regard to climate change, the editorial went on to say that weather fluctuations are "still within the range of natural swings that proceeded from one century to another long before the Industrial Revolution began."

Nevertheless, the piece warned that "if the rich (countries) want to protect themselves they will have to provide the technology and perhaps some of the money necessary to bring world standards to power plants in places where pollution is still a secondary concern."

Source: *The Washington Post*

RISING COAL USE IN ASIA PACIFIC REGION CAUSES ALARM

Coal consumption is expected to increase in the Asia Pacific region by 60 percent to 70 percent during the next 15 years, especially in China where three-quarters of the nation's energy needs are satisfied by coal.

Less than one-fifth of China's coal is currently treated to remove excess sulfur and many areas of the nation suffer from acid rain. Japan and Korea have also been plagued by acid rain as a consequence of the industrialization of China's eastern seaboard. Planners in China recently announced an intention to build dozens of new coal-fired stations and 100 plants to produce chlorofluorocarbons.

Source: *Christian Science Monitor*

ICEBERG CALVING NOT DUE TO CLIMATE CHANGE

Speculation that the Antarctic has been warming has been fueled by reports of large icebergs breaking off—or calving—from ice masses. However, studies analyzing recent temperature data collected in the Antarctic region by British researcher Phil Jones reveal that there has been no statistically significant warming trend between 1965 and 1993.

The only warming trend that was found came in data collected prior to 1961. The researchers concluded that the huge iceberg that was reported by *Science News* to have broken away early this year came after two of the cooler years on record, it is unlikely that a warming trend in the Antarctic continent contributed to this event.

Source: *World Climate Report*

CO₂ TAX NOT ENVIRONMENTAL SAYS NORWEGIAN COMPANY

Labeling his country's CO₂ tax more a general tax than an environmental one, Harald Norvik, president of Norway's national petroleum company Statoil, urged that the carbon tax be reduced. Speaking at an international conference on environmental issues in the North Sea, Norvik said that Norway probably had the lowest emission level of carbon dioxide per unit of petroleum production of any nation in the world.

"Don't penalize the front runners," stated Norvik. "At a time when the industry is struggling to lower costs, we see that the CO₂ tax on some installations is reaching 20 to 25 percent of the total operation cost." The carbon tax in Norway is levied on emissions from the Norwegian continental shelf.

Source: *Financial Times*

What the Media Hasn't Told You About the IPCC Report

(Continued from front page)

Investigative arm of the federal government) says the models are not reliable enough to estimate regional changes or to be the basis of billion dollar policy decisions.

■ Despite the recent improvements that have been made, these models still suffer from serious flaws. The IPCC states that, "Although model performance has generally improved over the last decade, both coupled and uncoupled models still show systematic errors in their representation of the mean state and variability statistics of current climate. Such errors reduce our confidence in the capability of CGCMs to predict anthropogenic change."

■ The warming that has occurred to date is primarily at night and is within the range of natural variability.

■ Some statistically significant "climate changes" have been reported in some regions, but no credible scientific evidence exists which shows that these changes have been caused by human activity.

■ Industry, in partnership with government, is actively participating in voluntary programs to reduce greenhouse gas emissions and remains committed to actions that make economic and scientific sense.

■ Unless developing countries participate in the process it makes little difference what is done in the developed countries, including the United States. Less Developed Countries (LDCs) are the largest future source of greenhouse gases. ●

NATIONAL ACADEMY OF SCIENCES REACHES FOR HEALTH LINK TO CLIMATE CHANGE

The National Academy of Sciences held a conference on Human Health and Global Climate Change in early September with Vice President Al Gore providing the keynote address. The White House had asked the Academy to hold the conference in an attempt to explicitly link climate change and human health. However, most of the speculation on potential long-term impacts were based on five-year old IPCC projections that have since been reduced significantly.

The White House organizers and environmental special interest groups said they hoped the meeting would lay the groundwork for a number of future seminars, workshops and conferences addressing this topic in the United States and abroad.

The political overtones at the conference were obvious. In a moment of candor, one official attending from the Centers For Disease Control and Prevention told *Climate Watch* that the meeting was "political, not medical or scientific...if you are really concerned about vector-borne diseases, you would not focus on climate change."

Discussion with medical and public health officials has led the GCC to concur. At best, climate change is a marginal factor in the broad range of public policy options that need to be examined in addressing health concerns around the globe. The issue is one of priorities. People who suffer from inadequate nutrition, lack of fresh water, poor health care and sanitation, and other social infrastructure problems are the most vulnerable to communicable diseases. Economic growth and improvements in these basic services will do far more to improve the quality of life for millions of people than efforts to reduce greenhouse gas emissions.

Those seriously concerned about populations at risk from communicable diseases should continue to focus on

WHAT SCIENTIFIC CONSENSUS?

Climate experts have widely varying opinions on long-term projections for potential climate change. That's the conclusion of a recent paper titled, "Subjective Judgments by Climate Experts," by scientists Granger Morgan and David Keith. After interviewing 16 top U.S. climate scientists, they found a "rich diversity of expert opinion and...a greater degree of disagreement than is often conveyed in scientific consensus documents."

"We interpret our results to mean that overall uncertainty about the geophysics of climate change is not likely to be reduced dramatically in the next few decades," say the authors.

Granger Morgan is with Carnegie Mellon University's Department of Engineering and Public Policy and David Keith is with Harvard's Atmospheric Research Program.

Using very sophisticated interview techniques, their results "strongly suggest that our ability to predict the gross character of climate change will improve slowly, even with well designed research programs. These findings appear to be at odds with the consensus view expressed in the

"...These findings appear to be at odds with the consensus view expressed in the IPCC [1990 Scientific Assessment]..."

IPCC [1990 Scientific Assessment], which predicts 'substantial' reduction in uncertainty in the next 10-15 years." "We find there is almost no

agreement about the effect of climate change on policy-relevant factors such as changes in precipitation over land and various forms of interannual variability." ●

Their paper, funded in part by the National Science Foundation, the Electric Power Research Institute (EPRI) and NOAA, was published in the October issue of *Environmental Science & Technology* (Vol. 29, No. 10).

factors that will significantly change people's lives—better medical surveillance, increased availability of inoculations, and easy access to fresh water supplies.

Several additional points should be considered:

■ Actions to prepare for, prevent, or mitigate the enormous suffering and loss of life that result from diseases such as malaria and dengue fever deserve the full attention of U.S. and international health policy experts.

■ Due to the natural variations in the forces that control climate change, regional and global average temperature changes are likely to occur regardless of attempts made to reduce man-made emissions of greenhouse gases. As a result, scarce human and capital resources should be directed toward preventing and mitigating the effects of current and potential health crises rather than focusing on the marginal impact (if any) resulting from man-made greenhouse gas emissions.

■ Actions taken in the United States alone, despite the potentially severe economic penalties they would cause, will have virtually no impact on future atmospheric concentrations of greenhouse gases.

In a breakout discussion group on Public Outreach and Risk Communication, the attendees, including EPA and DOE staff and environmental, science and medical NGOs, worked to develop a national public relations campaign that would "awaken" Americans to the "imminent health dangers" (even though none were identified) associated with climate change. Representatives from several environmental special interest groups participated, suggesting that the goal of a public relations program should be to create political pressure for additional regulation.

The proceedings of the conference are scheduled to be released in early December. ●

TIMING AND THE COST OF EMISSIONS REDUCTIONS STRATEGIES*

By Jae Edmonds
and Marshall Wise

Summary

The Earth's climate is a global commons, and the Framework Convention on Climate Change (FCCC) sets as its goal the protection of that commons by calling for ultimate stabilization of the concentrations of greenhouse gas below "dangerous" levels. In considering the implications for agreements to control the atmosphere, Edmonds and Wise find that framing negotiations in terms of a cumulative emissions constraint, while an attractive intellectual construct, is vulnerable to a "drop out" problem (countries deciding not to participate). Other arrangements that might be considered include framing the problem as a staged activity, with the principal features of Stage I being technology development and deployment, Stage II being emissions stabilization, and Stage III being phase-out of carbon-emitting technologies. This strategy is potentially useful in implementing ceilings of 500 ppmv or higher. Critical to the success of such a strategy is Stage I. If non-emitting technologies can be developed and deployed on a global scale, at costs that are comparable to present technology costs, then the problems of implementing Stages II and III are minimal. ●



Jae Edmonds

NEW PERSPECTIVES ON CLIMATE CHANGE POLICIES REVEALED AT ACCF CONFERENCE

New studies strongly suggest that imposing stringent near-term goals to reduce greenhouse gas emissions would be a costly and potentially unnecessary response to concerns about possible climate change. The studies were presented on September 13, 1995 at a conference sponsored by the American Council for Capital Formation's Center for Policy Research, titled, "An Economic Perspective on Climate Change Policies."

The ACCF brought together noted academicians, government officials, industry leaders and think tank experts at the forum in an effort to study the economic impact of international and domestic policy proposals designed to control greenhouse gas emissions (GHGs).

The day-long forum featured presentations by leading economists and climate change policy experts, including Alan Manne of Stanford University, Jae Edmonds of Battelle, Pacific Northwest Laboratories, W. David Montgomery of Charles River Associates, Lawrence M. Horwitz of DRI/McGraw-Hill, Kenneth Richards of Battelle, Pacific Northwest Laboratories and Thomas Rutherford of the University of Colorado-Boulder. Senator Frank H. Murkowski, Chairman of the Committee on Energy and Natural

Resources, delivered a luncheon address on "A Congressional Perspective on Climate Change."

David Montgomery, former Visiting Lecturer at Stanford University and currently a lead author with the Intergovernmental Panel on Climate Change, presented a paper in which he argues that economically rational approaches to reducing GHGs are being prejudged by the Berlin Mandate, which concentrates on near-term emission reduction targets for industrialized countries only. His paper suggests that six steps are necessary for developing economically rational responses to the Berlin Mandate:

- review current proposals;
- inventory possible policy responses and analyze the economic merits of alternative response options;
- consider specific policies and instruments that may be required to meet goals;
- analyze implications for U.S. net costs and benefits of the international sharing of the burden of response;
- consider the importance of timing; and
- analyze ultimate net costs and benefits to the United States and others of specific agreements.

THE IMPACT OF CARBON DIOXIDE EMISSION REDUCTIONS ON LIVING STANDARDS AND LIFESTYLES*

By Lawrence M. Horwitz

Summary

This study identifies and begins to quantify how U.S. consumers and businesses would alter their lifestyles and business activities in response to a carbon tax. It also illustrates how business and individuals would rearrange their spending, leading to shifts in final demand and in the structure of the overall U.S. economy. This study shows that a \$100 per

tonne tax (which would leave U.S. emissions considerably above 1990 levels in the year 2010) reduces GDP by 2.3 percent relative to the baseline forecast, decreases business investment by 4.6 percent, and reduces consumer spending by 2 percent. Overall, even though carbon tax revenues are recycled back to the consumer, 89 percent of consumption categories are negatively affected by the carbon tax. ●

Jae Edmonds, Technical Leader of Economic Programs at Battelle, contends that "timing" holds the key to the development of successful, cost-effective abatement policies. His paper examines the international economic consequences of efforts to stabilize atmospheric concentrations of CO₂ at various levels in 2100.

Edmonds concludes that rather than the current policy focus on reducing current greenhouse gas emissions, it might be more effective to frame the problem as a staged activity, with the initial focus on technology development and deployment. The next stage would involve efforts to stabilize emissions, followed by a stage where carbon-emitting technologies would be phased out.

A paper by Lawrence Horowitz points out that efforts to reduce greenhouse gas emissions to 1990 levels by 2010 could have startling economic impacts. His study, which uses carbon taxes to provide the economic incentive for CO₂ emission reductions, finds that the average annual economy-wide job loss for the 1995-2010 period is 520,000, with a peak impact of one million jobs lost occurring two years after carbon taxes are fully phased in. GDP in 1992 prices would be 2.3 percent or \$203 billion below the baseline in 2010. At the same time, real consumer spending would fall. Overall, 89 percent of consumption categories would be negatively affected by the carbon tax.

The costs and benefits of abatement are uncertain according to the paper by Stanford economist Alan Manne, who says this argues for a hedging strategy that preserves a variety of options for the future while allowing for the sequential resolution of uncertainties. Manne writes, "This analysis suggests that the optimal hedging strategy involves only small emission limitation efforts in coming decades if the critical uncertainties can be resolved in a timely manner, say by 2020. This underscores the importance of scientific research among the portfolio of options for dealing with global climate change."

Two presenters at the conference prepared papers related to the impact abatement policies will have on interna-

tional relationships. Kenneth Richards, a senior economist with Battelle, Pacific Northwest Laboratories, concentrated on the question of joint implementation in his study, "Joint Implementation in the Framework Convention on Climate Change: Opportunities and Pitfalls."

Richards notes that a pilot program was established after the first Conference of the Parties in Berlin, but the Parties left for future deliberations the precise definition of joint implementation (JI). He demonstrates that JI can be an extremely cost effective method for meeting the targets set by abatement policies but cautions that due to the very low level of current incentives the results of the pilot program will be modest.

Thomas Rutherford, Professor of Economics at the University of Colorado, looked at the "Carbon Dioxide Emission Restriction in the Global Economy: Leakage, Competitiveness and the Implications for Policy Design." He concludes that, "...first...the costs of unilateral carbon restrictions are magnified by the presence of trade and non-participating regions." And, "Second, alternative ...

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DEVELOPING A FRAMEWORK FOR SHORT- AND LONG-RUN DECISIONS ON CLIMATE CHANGE POLICIES*

by W. David Montgomery

Summary

Recent economic studies of the costs and benefits of reducing greenhouse gas emissions call into question the approach to climate policy outlined in the Berlin Mandate. These studies suggest strongly that imposing near-term goals for emission reductions represents a costly and potentially unnecessary approach to climate policy. Montgomery advocates an economically rational approach to climate change policies that addresses three related questions: (1) What actions can be supported on the basis of current understanding of climate science and economics; (2) How to make the best use of the new information that current scientific research and technology development will provide; and (3) When should emission reductions begin? Montgomery argues that the Berlin Mandate prejudices all these issues by concentrating on near-term targets for emissions from industrial countries. He also argues that "Specific policies and measures must be evaluated, not general goals. No goal can be assessed without specifying the policies likely to be used to achieve it." ●

COSTS AND BENEFITS OF GREENHOUSE GAS REDUCTION*

By Thomas C. Schelling

Summary

Uncertainties surrounding the impact of greenhouse gas emissions on global climate change and global economic growth require that policymakers carefully evaluate the costs and benefits of policies to limit emissions. If near-term steps to reduce emissions are not required to sustain long-term economic growth in developing or industrialized countries, policymakers should consider other uses of societies' scarce resources to improve conditions in less-developed areas. Investments by the developed countries in the public health, education, and water resources of poorer economies of the world would yield substantially higher benefits than investments in emission reductions. ●

*Source: American Council for Capital Formation Center for Policy Research Special Report, October 1995



W. David Montgomery

ACCF Conference (Continued from page 5)

policies to counter potential leakage, like trade restrictions, exemptions, and grandfathered permits, conflict with trade agreements or GATT obligations and generally do more harm than good. Third, while leakage estimates assess the impact of carbon taxes on comparative advantage, it is less clear how one might quantify the impact of carbon taxes on the underlying rate of productive growth."

"Near-term emission reductions could have significant costs...a gradual approach to emission reductions combined with investment in climate science and development of new energy technologies can reduce costs without jeopardizing climate goals."

The conclusions drawn by all the papers presented at the ACCF conference define a critical need for additional study and for the development of more information on the economic impact of emission abatement policies — before they are adopted.

David Montgomery stated the case succinctly, noting that "Near-term emission reductions could have significant costs...a gradual approach to emission reductions combined with investment in climate science and development of new energy technologies can reduce costs without jeopardizing climate goals."

The symposium, which was held at the Washington Court Hotel, was the 13th forum in the Center's multi-year project, "Tax and Environmental Policies & U.S. Economic Growth."

The proceedings from the forum will be printed in January 1996. Executive summaries of key papers are available from ACCF Center for Policy Research, 1750 K Street, NW, Suite 400, Washington, DC 20006-2300, or call (202) 293-5811.

PUBLICATIONS UPDATE

STUDY LOOKS AT POLICY RESPONSES TO RIO AGREEMENT

A study compiled by the Organization for Economic Cooperation and Development (OECD) analyzes the difficulties of developing policies to address the threat of global warming, given current uncertainties about the problem. The OECD study also addresses the critical lack of information about costs of compliance with the Framework Convention on Climate Change (FCCC).

"Global Warming: Economic Dimensions and Policy Responses" notes at the outset that "the major problem facing policy makers is that of taking far-reaching policy decisions under conditions of significant uncertainty: how to choose sensible policy targets and suitable instruments to achieve them, with limited knowledge of both the likely costs and the resulting benefits."

The OECD, which includes the United States among its members, has dealt with the issue of global warming on several occasions and has designed a model to evaluate the costs of different policies to reduce carbon dioxide emissions, the principal greenhouse gas (GHG). The organization sounds a cautionary note early in the report saying, "An unequivocal confirmation of global warming can still not be given..." Nevertheless, it suggests that reasonable policy choices can be made in light of the possibility that GHG emissions will affect climate change.

The report contains a number of recommendations on how to ensure the abatement and stabilization of major GHG emissions, including: extending coverage of abatement policies globally to lessen the possibility of "carbon leakage," which would result when emissions reductions in one region are offset by increased emissions elsewhere; improving energy efficiency with commercially available technologies; directing technology at the large, stationary emitters of carbon dioxide, where the carbon dioxide can be captured and

stored or used for other purposes.

The study further suggests that actions to respond to the risk of global warming should be developed in the private sector. "For policy makers the relevant question is what instruments are available to influence private sector activity so as to implement the desired amount of mitigation or sequestration effectively and efficiently (i.e. achieving the desired result at least cost)."

The OECD survey also examines the difficulties of implementing one oft-cited public policy remedy—carbon taxation. The report states that "in practice, little is known about the marginal economic damage of climate change, so the objective of the carbon tax typically reverts to the 'second best' goal of equating marginal costs of abatement among all emitters."

According to the OECD, the complications involved in getting global agreement on a fair and equitable distribution of taxes is one of the greatest challenges to instituting a carbon tax regime that would effectively and efficiently abate GHG emissions. "Even if a rule exists which ensures the initial agreement among a group of countries, sustaining the agreement may be difficult as the incidence of costs as well as economic conditions...change over time."

In studying the concept of a carbon taxation, the report finds that a hypothetical \$50 per ton OECD carbon tax would put countries like the United States, with lower tax burdens and a higher dependence on coal, at the high end of carbon tax rates. And it is noted that while "some studies have suggested that efficient carbon taxes combined with the reduction of other distortive taxes can improve efficiency in the economy..." it is equally true that "the majority of expert analyses suggest that the potential gains are difficult to determine and depend on specific conditions which differ from country to country."

For more information, contact the OECD at (202) 785-6323.

Director's Column

(Continued from front page)

The negotiations took a new turn at November's second meeting of the Ad Hoc Group on the Berlin Mandate (AGBM-2) when the EU introduced a new and apparently unanticipated "framework protocol" which was immediately supported by the Alliance Of Small Island States (AOSIS). The AOSIS countries indicated their belief that their earlier protocol proposal (calling for a 20% reduction in CO₂ emissions for Annex I parties below 1990 levels by the year 2005) could be integrated into such a framework.

The EU framework was a new approach — particularly as embodied in Annexes A, B and C to their proposal. These Annexes would be the repository of predominately international "policies and measures." Annex A would include a list of common policies that would be adopted by all developed countries. Annex B would list policies and measures that would benefit from common or "early" coordinated application by developed countries.

Annex C would be a list of policies and measures of proven or potential effectiveness that a developed country could include in its [own] national program.

A major question for the United States is: if such an approach is ultimately adopted, who picks the measures and who decides whether these harmonized measures are good for the United States, its economy and its competitiveness?

Repeatedly U.S. industry has called for the Administration to assure that broad economic analysis is undertaken to evaluate the impact of any new international or domestic proposals. This is particularly important since the International Energy Agency and OECD, consultants to the AGBM, are evaluating policies such as international energy taxes, trading with international caps and fuel quotas.

At AGBM-2, EU proposals were clear — target specific regional or industry sectors through specific policies and measures. To date the United States has supported a broader "menu" approach, which it interpreted as a range of policies from which a country could pick or choose. However, the United States noted in an AGBM statement that "a

sectoral approach would focus on policies, objectives and measures specific to particular sectors or industries." Examples cited included, "standards for emission/energy efficiency, agreements to implement specific policies (such as energy audits), or to improve a specific indicator in some sector (such as vehicle miles traveled)."

The AGBM is confronting a wide range of new international concepts in the climate debate.

These ideas will need... assuredness that any ultimate agreement will maintain U.S. sovereignty and reflect U.S. circumstances.

There was a broad discussion at AGBM-2 regarding "quantified objectives and time frames" — potential targets and possible timetables. Interventions from nations varied, but consistent among most nations was an insistence that reductions be "combined" with policies and measures. The European Union, as did others, continued to propose the concept of common emissions reductions targets tied to specific dates (2005 or 2010) relative to a specific base year. Interestingly, the United States indicated that there are other approaches, pointing out that "quantified objectives may vary in level, timing, and location of reduction emissions made," and more than once indicated to the AGBM negotiators that an "aspirational," or non-binding approach, also is consistent with the Berlin Mandate.

The United States also referred to "cumulative objectives for individual parties." It's not clear what the U.S. delegates have in mind, but it seems they have given the issue some thought, even suggesting that it could be tied to some sort of incentive for "early reductions" such as an "emissions banking system." The problem with such approaches is, how does a country project its economic growth and technology penetration? Could it end up capping future economic vitality? There were several other proposals forwarded, such as one by the Swiss who would like to

establish "agreed criteria" for reduction objectives. These would include "combined and weighted indicators such as per capita emissions, GDP, share of global emissions, carbon intensity of primary energy use and marginal abatement costs."

As one can see, the AGBM is confronting a wide range of new international concepts in the climate debate. These ideas will need a great deal of study and analysis as to economic and regulatory impacts, and perhaps most importantly, assuredness that any ultimate agreement will maintain U.S. sovereignty and reflect U.S. circumstances. There is always the danger that linking ourselves to other countries on these kinds of domestic issues could reduce our ability to determine our own future economic and competitive destiny.

That is why several important U.S. economists are concerned about what path the United States follows — predicting that the wrong decisions could do permanent and irreparable social and economic harm and in the long run fail to achieve its environmental objectives.

We should learn more soon. The next meeting of the AGBM and other climate bodies starts February 27.

WORTH QUOTING

"I can tell you anything you want to hear...The fact is there are simply too many questions, and to try and determine what the future will be is pure speculation."

— Yves M. Tourre, Professor of Meteorology at Western Connecticut State University, in an article (4/23/95) in the *Telheram & Gazette* (Massachusetts) after returning from a UN climate change meeting.

"It is not possible to combine economic development with a reduction of CO₂ emissions in countries like China and India in the next 30 years."

— Pekka Kauppi of METLA, the Finnish state forest research institute in a Reuters story (8/7/95).

EPRI DEVELOPING GREENHOUSE GAS ACCOUNTING FRAMEWORK (GGAF)

To help U.S. utilities calculate and report emissions in a consistent manner, the Electrical Power Research Institute (EPRI) is working on the development and delivery of a greenhouse gas accounting framework (GGAF).

GHG reporting and reduction involves a complicated set of tasks that include every aspect of utility operations, from integrated resource planning to demand-side management programs. Tom Wolfe reports in the EPRI Journal that the accounting system will enable utility staff to perform a range of analyses, including: comparing historical and estimated future emissions; identifying trends in underlying data; breaking down emissions by plant, fuel and regions; and clarifying the implications of alternative reporting rules or guidelines. ●

For more information, call EPRI project manager, Tom Wolfe, at (415) 855-7928.

EEI PROJECT ENCOURAGES INTERNATIONAL GHG MITIGATION PROJECTS

The Edison Electric Institute (EEI) has developed the International Utility Efficiency Partnerships (IUEP) program to coordinate the activities of its utility members in international greenhouse gas mitigation projects.

IUEP will identify international energy project development opportunities; sponsor workshops with host country governments to promote project investment and development; and provide a window on developments in the world's fastest growing emerging markets.

The IUEP recently issued its first Request for Proposals (RFP) to foster projects that are economically viable and environmentally beneficial. The RFP offers financing from U.S. investor-owned electrical utilities and their subsidiaries. ●

For further information contact: Ron Shiflet, Director, International Utility Efficiency Partnerships, (202) 508-5507.

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